

PUBLIC DISCLOSURE

May 26, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**WebBank
Certificate Number 34404**

**6440 South Wasatch Boulevard, Suite 300
Salt Lake City, Utah 84121**

**Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **WebBank (WB)**, prepared by the **Federal Deposit Insurance Corporation**, WB's supervisory agency, as of **May 26, 2009**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

This institution is being evaluated under the strategic plan option (Plan). The Plan approved by the agency, sets forth goals for satisfactory performance.

INSTITUTION RATING

INSTITUTION'S CRA RATING: WB is rated Needs to Improve.

This rating reflects an evaluation of WB's CRA performance under an FDIC approved Plan. WB's CRA performance exceeded the lending goals established for satisfactory CRA performance in 2005, 2006, and 2007. However, WB's CRA performance did not meet the lending goals for satisfactory CRA performance in 2008. The bank suspended all commercial lending activity, with the exception of factoring receivables, in September 2008, due to a significant downturn in the national and local economy, and a sharp decline in real estate values.

WB's CRA performance met the goals for satisfactory performance for investments and grants in 2005 and 2006 but did not meet the goals in 2007 and 2008. This is based on the bank's decision to forego the purchase of mortgage-backed securities due to the significant deterioration in value of such investments in 2007.

WB's CRA performance exceeded the combined lending and investment/grant goals for satisfactory CRA performance in 2005 through 2008.

Response to Complaints

WB has not received any complaints relating to its CRA performance.

Compliance with Fair Lending or Other Illegal Credit Practices Review

Substantive violations of Section 5 of the Federal Trade Commission Act regarding Unfair and Deceptive Acts or Practices (Section 5) were identified. A significant violation of overt discrimination involving Equal Credit Opportunity (ECOA) was also cited. The Board and senior management failed to exercise sufficient oversight to ensure that the institution's third-party relationships operated in conformance with appropriate compliance rules and regulations and in the best interests of consumers. The identification of the Section 5 and ECOA violations is inconsistent with helping to meet community credit needs. Therefore, the CRA rating was lowered from "Satisfactory" to "Needs to Improve."

SCOPE OF EVALUATION

The FDIC approved two Plans submitted by WB. Plan A, as referred to in this evaluation, was approved by the FDIC on August 22, 2003, and covers calendar years 2003 through 2005. Plan B was approved by the FDIC on May 23, 2006, and covers the calendar years 2006 through 2008. The scope of this CRA Evaluation covers the period from January 1, 2005, through December 31, 2008.

Plan A and B include community development (CD) goals for the areas of lending, investments, and grants. The CD lending, investments, and grants include small business, affordable housing, and economic development activities.

The bulk of WB's plan performance consists of CD lending within its assessment area.

WB set the following performance goals for activity within its assessment area:

Lending Goals

1. Participate in a loan pool that addresses LMI housing needs.
2. Participate in local CD groups that include an existing down payment assistance program.
3. Participate in a fund for early stage technology and life science start-up businesses.
4. Participate in small business lending programs, such as the Small Business Administration (SBA) and the United States Department of Agriculture (USDA) Business and Industry loan programs. This lending goal was added for Plan B.

Investment Goal

5. Purchase Utah Housing Authority Agency Bonds.

Grant Goal

6. Continue to make CRA grants available as net profits from operations allow.

Service Goal

Due to the limited number of WB employees, limited resources are available to provide ongoing technical assistance to organizations within the assessment area. No goal was established for CD services.

The Plans established measurable goals for CD lending, investments, and grants for a satisfactory rating only. According to the approved Plans, the evaluation of WB's CRA performance includes lending, investments/grants, and total lending and investments/grants by year during the review period. The lending category was delineated by total dollars, dollars as a percentage of average net loans, and dollars as a percentage of average assets for each Plan year. Overall, total lending and investment/grants and investment/grants (individually), were delineated by dollars as a percentage of average assets for each Plan year. In addition, the dollar goals for lending were set independently from the percentage goals by Plan year.

WB's average net loans for each Plan year were calculated using the amounts from line 6 of Schedule RC-K (Quarterly Averages) from WB's quarterly Report of Condition (CALL Report), for the respective Plan years.

More weight was assigned to WB's overall CD lending and investments/grants performance for the Plan years 2005 to 2008, due to its overall recent impact in helping to meet the community's credit needs.

DESCRIPTION OF INSTITUTION

WB is a federally insured industrial bank chartered by the State of Utah. WB is owned by two entities, WebFinancial Holding Corporation, with 91 percent ownership and WebFinancial Government Lending, Inc., with 9 percent ownership. Steel Partners Holding L.P., formerly WebFinancial Corporation, owns both of these entities and is an unlisted public company headquartered in New York.

WB provides niche financing, including small business lending, commercial lending, receivables financing, and a national origination platform for consumer and commercial private label and bankcard programs. WB works closely with several third-party partners to develop and fund customized consumer and commercial loans, which are immediately (1 day or less) sold back to the partner. WB's main operations and headquarters are located in a single office in Salt Lake City, Utah. WB does not maintain a traditional lobby for retail services and there is no walk-in traffic. WB has 23 full time employees located at the Salt Lake City office.

WB's primary source of funding is brokered deposits, with incidental deposits related to partnership agreements. WB's primary business consists of commercial and commercial real estate loans, which represent 79 percent of total loans reported in the March 30, 2009, CALL Report. WB is predominately a commercial lender of government guaranteed SBA and USDA loans. All other lending is off book funding of partner-sourced loan products through "fee for service" relationships, in which WB funds the loan and immediately sells the loan back to the partner. As of the March 30, 2009, CALL Report, the breakdown of loans includes \$12 million in loan participations with two local banks, \$11 million in SBA loans, \$6 million in USDA loans, \$4 million in factoring receivables, and just over \$3 million in other commercial loans.

As of March 30, 2009, WB reported total assets of \$40 million. As of the examination date, total loans were \$37 million, and total deposits were \$28 million. During the evaluation period, total assets grew significantly from \$7 million at December 31, 2005, to \$44 million at December 31, 2008, with growth focused in commercial and commercial real estate loans. Total loans grew from \$5 million at December 31, 2005, to \$38 million at December 31, 2008.

WB suspended all commercial lending activity, with the exception of factoring receivables in July 2008, due to a significant downturn in the national and local economies.

DESCRIPTION OF ASSESSMENT AREA

Demographic Information

For Plan A, WB designated its assessment area as Salt Lake County only. WB designated Salt Lake, Davis and Utah Counties as its assessment areas for Plan B. Salt Lake, Davis, and Utah Counties are part of 3 Metropolitan Statistical Areas (MSAs): Salt Lake City Utah MSA #41620; Ogden-Clearfield Utah MSA #36260; and Provo-Orem Utah MSA #39340; respectively. MSA #41620 and #36260 are part of the Utah Combined Statistical Area (CSA) #482. For this evaluation, the analysis of Salt Lake and Davis Counties will be combined. Utah County will be

evaluated separately using a limited review. The three counties are contiguous, have similar economies, and make up a majority of the Wasatch Front. WB's assessment areas meet regulatory requirements and do not arbitrarily exclude any LMI neighborhoods.

Table 1 shows the breakdown of the geographic income characteristics of the census tracts in the combined assessment areas based on 2000 U.S. Census Data, along with other selected demographic data. The census tracts are categorized into four geographic income categories based on the 2000 median family income (MFI) for the MSA of \$53,449. The demographic information for CSA #482 (Salt Lake and Davis Counties) and Utah County are discussed separately on pages 14 and 19, respectively.

Table 1 – Combined Demographic Information for the Assessment Areas (Salt Lake, Davis and Utah Counties)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	327	3.67	18.65	47.40	29.36	0.92
Population by Geography	1,505,917	2.72	19.56	49.23	28.45	0.04
Owner-Occupied Housing by Geography	325,735	0.43	14.54	52.74	32.29	0.00
Business by Geography	162,619	5.74	19.40	44.49	30.36	0.01
Farms by Geography	2,680	2.72	13.36	50.52	33.40	0.00
Family Distribution by Income Level	357,062	16.48	19.66	24.89	38.97	0.00
Distribution of LMI Families throughout assessment area Geographies	129,040	4.20	30.92	50.40	14.48	0.00
2000 MSA MFI*		\$53,449	Median Housing Value*			\$161,485
Housing and Urban Development (HUD)		\$64,030				
Adjusted MFI for 2009***		8%	2000 Unemployment Rate*			2%
Households Below Poverty Level*						

Sources: *2000 U.S. Census, **June 2008 D&B, *** HUD updated MSA MFI for 2009. The N/A category consists of geographies that have not been assigned an income classification.

According to information obtained from D&B, 162,619 businesses are located in WB's assessment area. Approximately 62 percent of these businesses reported gross annual revenues of \$1 million or less.

Economy

According to the April 2009, Precis Metro Economy.com report, Utah's recession deepened at the end of 2008, as job losses increased in retail trade and employment gains slowed in education/health services. Construction, financial activities, business/professional services, and leisure/hospitality services continue to see large job losses, with no apparent slowing. The unemployment rate increased by almost 3 percentage points over the past year and would be higher but for a contracting labor force. The state's housing downturn continues with both housing prices and residential permits falling significantly from 2007 levels. Households are cutting back on spending in response to job losses and declines in home and equity prices.

Commercial construction held up much better than homebuilding in 2008, but did decline because of excess supply and less demand for all types of retail space because of declines in industrial production, office-using employment, retail sales and tourism.

Competitive Environment

WB operates its main and only within Salt Lake County. According to the June 30, 2008, FDIC Summary of Deposits, WB competes with 66 other FDIC insured banking or savings institutions operating 403 offices in Salt Lake, Davis and Utah Counties. In these counties, WB's deposit market share was approximately 0.02 percent, ranking 54 out of 66 banks. Additionally, WB competes with thrifts, credit unions, finance companies, and other financial service providers for loan customers throughout the Salt Lake, Davis and Utah Counties.

Bank Identified Community Credit Needs

WB identified the following community credit needs in its Plan after consideration of its asset size, number of employees, and management expertise:

- Down Payment Assistance Support - Assist families with the initial down payment to acquire housing. The form of assistance can be either grants or loans.
- Housing Loans - Revitalize existing housing stock in targeted areas, and provide shelter for families.
- CD Administrative Services Grants – Provide community based housing-related organizations with grants that help cover administrative services required to support the programs. These services include salary expenses, office and program administrative expenses. Without funding to cover these costs, programs may not be administered effectively or achieve their stated goals.
- Household Furnishing Grants - Once temporary or permanent housing has been acquired, many homeowners/renters do not have the money to furnish living spaces with the necessities such as beds, bedding, chairs and dressers.

WB does not have a mortgage loan origination program; therefore, management elected to serve these identified needs by working effectively through community groups, investing in loan pools and purchasing housing bonds. This was accomplished by creating an informal alliance with several identified CD organizations.

Community Identified Credit Needs

Two recent community contacts were reviewed from organizations in Utah and Salt Lake Counties. The contacts stated the primary credit needs of the area include financing for affordable housing and small businesses.

CONCLUSIONS WITH RESPECT TO CRA PERFORMANCE IN THE COMBINED ASSESSMENT AREA:

Salt Lake, Davis and Utah Counties

The following sections provide details of WB's CRA performance for lending, investments/grants and total lending and investments/grants.

Community Development Lending

WB's overall CRA performance during the review period is considered Satisfactory. The bank's CRA performance exceeded the lending goals established for satisfactory CRA performance in all Plan years. However, CRA performance fell below the lending goals by actual dollars for satisfactory CRA performance in 2008.

Table 2 provides details on actual lending performance compared to Plan goals.

Table 2 - CRA Performance Goals and Actual Performance - Lending				
	2005	2006	2007	2008
Strategic Plan	Plan A	Plan B		
LENDING GOALS - COMMUNITY DEVELOPMENT (1)				
Utah Community Reinvestment Corp. - Committed Line	\$40,000	\$75,000	\$75,000	\$100,000
Actual Performance	\$24,393	\$24,393	\$30,096	\$24,077
Wasatch Venture Fund II	\$100,000	\$100,000	\$150,000	\$150,000
Actual Performance	\$9,502	\$9,843	\$10,693	\$6,860
Small Business Loans (SBA 504 & 7a, SBA 504 Participations, and USDA B&I)	No goal for 2005	\$2,000,000	\$5,000,000	\$10,000,000
Actual Performance	\$1,156,000	\$1,647,000	\$5,038,000	\$3,991,000
Down Payment Assistance	\$15,000	\$3,000	\$4,000	\$5,000
Actual Performance	\$0	\$0	\$0	\$0
Lending Goals in Dollars (2)	\$155,000	\$2,175,000	\$5,225,000	\$10,250,000
Lending Goals as a % of Average Net Loans	1.001%	10%	10%	10%
Lending Goals as a % of Average Assets	0.855%	1%	1%	1%
Actual Lending in Dollars (3)	\$1,189,895	\$1,681,236	\$5,078,789	\$4,021,937
Actual Lending as a % of Average Net Loans	28.446%	37.874%	29.318%	13.318%
Average Net Loans	\$4,183,000	\$4,439,000	\$17,323,000	\$30,200,000
Actual Lending as a % of Average Assets	12.906%	20.771%	23.610%	10.236%
Average Assets	\$9,220,000	\$8,094,000	\$21,511,000	\$39,291,000
CRA Performance Level - Lending	Satisfactory	Satisfactory	Satisfactory	Satisfactory

Source: Bank records

Footnotes: (1) Lending goals in dollars compared with actual lending in dollars for each CD activity for a specific Plan year. (2) Total lending goals in dollars, as a percentage of average net loans, and as a percentage of average assets for each Plan year. (3) Total actual lending in dollars, as a percentage of average net loans, and as a percentage of average assets for each Plan year.

WB invested \$12 million in CD loans within WB's assessment area during the evaluation period. The following are descriptions of the affordable housing and small business activities for the evaluation period covering January 1, 2005, through December 31, 2008.

- WB is a participant in a collaborative effort of 36 Utah financial institutions to expand access and improve reliability of credit for affordable housing in Utah. This organization has become the primary source for low-income housing developers in Utah. As of February 10, 2009, the organization financed over 3,300 units of affordable rental housing; assisted 10 organizations in developing housing tax credit properties and provided financial services to the state's affordable housing industry. As of June 12, 2008, WB's commitment in the agency's \$86 million revolving loan pool was \$75,242 or .09 percent of the total loan pool. The dollars included in Table 2 only represent housing projects funded within WB's assessment area. The majority (88 percent) of the housing projects were located in Salt Lake County.
- WB invested in a venture financing firm that specializes in technology business startups. This financing firm is licensed as a small business investment company, headquartered in Salt Lake City, Utah. This firm has invested in 7 businesses located within WB's assessment area and helped create over 1,000 jobs. The dollars included in Table 2 only represent these 7 businesses, of which 4 were located in Salt Lake County and 3 in Utah County.
- WB has participated in small business lending through the government guaranteed SBA 504 loan program and the Basic 7(a) loan program. The 504 loan program is a long-term financing tool for economic development within a community. The program provides growing businesses with long-term, fixed rate financing for major fixed assets, such as land and buildings. The program is administered through a non-profit certified development company, which is set up to contribute to the economic development of its community. The Basic 7(a) program is designed to help entrepreneurs establish a new business or to assist in the operation, acquisition or expansion of an existing business. WB has funded \$9.5 million of qualified SBA loans within WB's assessment area from 2005 through 2008. The majority (96 percent) of the businesses were located in Salt Lake County.
- WB has participated in rural small business lending through the government guaranteed USDA Business and Industry (B&I) loan program. The B&I loan program is designed to support and incentivize rural business lending and to support rural job creation and retention. WB has funded \$13.8 million of qualified USDA B&I loans outside of WB's assessment area from 2005 through 2008.

Community Development Investments

WB's CRA performance exceeded the investment/grant goal established for satisfactory CRA performance in 2005 and 2006; however, CRA performance fell below the investment/grant goal for satisfactory CRA performance in 2007 and 2008. This drop in investment performance resulted from WB's decision not to purchase mortgage-backed securities, due to a significant decline in value during 2007, and limited investment opportunities arising from a deteriorating economy.

Table 3 provides details on the actual performance of investments/grants.

Table 3 - CRA Performance Goals and Actual Performance - Investments/Grants				
	2005	2006	2007	2008
Strategic Plan	Plan A	Plan B		
INVESTMENT/GRANT GOALS - COMMUNITY DEVELOPMENT				
Utah Housing Authority Bonds	\$30,000	\$30,000	\$40,000	\$50,000
Actual Performance	\$40,000	\$40,000	\$0	\$0
CRA Grants	\$3,000	\$2,000	\$2,500	\$3,000
Actual Performance	\$3,300	\$2,300	\$2,575	\$2,500
<i>Investment Goals as a Percentage of Average Assets</i>	0.165%	0.10%	0.10%	0.10%
<i>Actual Investments</i>	\$43,300	\$42,300	\$2,575	\$2,500
<i>Actual Investments as a Percentage of Average Assets</i>	0.470%	0.523%	0.012%	0.006%
<i>Average Assets</i>	\$9,220,000	\$8,094,000	\$21,511,000	\$39,291,000
CRA Performance Level - Investments/Grants	Satisfactory	Satisfactory	Needs To Improve	Needs to Improve

Source: Bank records

- WB maintained a \$40,000 housing bond issued by an independent agency of the State of Utah. This housing agency has been uniquely created by the State of Utah government to raise funding to assist in the creation of affordable housing opportunities for LMI residents of Utah. The housing agency provides mortgage monies to qualifying first time homebuyers, as well as resources to developers building or renovating affordable apartment projects. In addition, the housing agency assumes several roles ranging from financier to developer in creating some of the more difficult to develop housing niches. The housing agency does not receive any funding from the State of Utah. It is self-supporting and each year raises hundreds of millions of dollars to fund its first time homebuyer mortgage program through banks' CRA activities. It also forms partnerships with private sector banking institutions, homebuilders, realtors, and others to bring the maximum amount of expertise together in administering these extremely complex and sophisticated programs. This housing agency is committed to developing and strengthening all of its programs so it can be most responsive to those seeking affordable housing opportunities. The bond matured in 2006 and was not replaced due to rapidly deteriorating conditions affecting the market.

Community Development Grants

Actual grant dollars exceeded the goals for grant dollars in 2005, 2006, 2007, and 2008. During the evaluation period, WB donated \$10,675 in qualifying CD grants to 11 community organizations providing CD activities for affordable housing, and economic development activities in Salt Lake County only.

Community Development Lending, Investments and Grants

WB's CRA performance exceeded the combined lending and investment/grant goals for satisfactory CRA performance in 2005, 2006, 2007 and 2008.

Table 4 provides details on lending and investments/grants actual performance.

Strategic Plan	Plan A	Plan B		
Table 4 - LENDING AND INVESTMENT/GRANT GOALS - COMMUNITY DEVELOPMENT				
Total Lending and Investments/Grants Goals as a Percentage of Average Assets	1.037%	1.00%	1.00%	1.00%
Actual Lending and Investments/Grants	\$1,233,195	\$1,723,536	\$5,081,364	\$4,024,437
Actual Lending and Investments/Grants as a Percentage of Average Assets	13.375%	21.294%	23.622%	10.243%
Average Assets	\$9,220,000	\$8,094,000	\$21,511,000	\$39,291,000
CRA Performance Level - Total Lending and Investments/Grants	Satisfactory	Satisfactory	Satisfactory	Satisfactory

Source: Bank records

CONCLUSIONS WITH RESPECT TO CRA PERFORMANCE IN THE CSA # 482:

Full Review of Salt Lake and Davis Counties

A full-scope review was performed for Salt Lake and Davis Counties because the majority of the lending (89 percent) and investment and grant (100 percent) dollar volume were made inside this assessment area. WB's CRA performance within the assessment area is considered satisfactory based on the established Plan goals for lending, investment/grants, and combined lending and investment/grants.

DESCRIPTION OF CSA ASSESSMENT AREA

Demographic Information

WB's designated assessment area include portions of the Salt Lake City MSA and the Ogden-Clearfield MSA, which are in the northern most area of the Wasatch Front and contain the largest portion of the population in the state. Table 5 provides demographic detail for the combined Salt Lake and Davis Counties.

Table 5 - Demographic Information for Salt Lake and Davis Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	242	2.07	20.25	47.93	29.75	0.00
Population by Geography	1,137,381	0.67	21.06	49.86	28.42	0.00
Owner-Occupied Housing by Geography	258,935	0.17	15.38	52.62	31.83	0.00
Business by Geography	121,482	6.51	21.46	42.80	29.23	0.00
Farms by Geography	1,834	3.49	16.19	46.18	34.13	0.00
Family Distribution by Income Level	275,387	16.11	19.74	25.02	39.12	0.00
Distribution of LMI families throughout Assessment Area geographies	98,736	1.26	32.86	51.52	14.36	0.00
2000 MSA MFI*		\$54,452	Median Housing Value*			\$163,481
HUD Adjusted MFI for 2009***		\$64,030				
Households Below Poverty Level*		7%	2000 Unemployment Rate*			2%

Sources: *2000 U.S. Census, **June 2008 D&B, *** HUD updated MSA MFI for 2009. The N/A category consists of geographies that have not been assigned an income classification.

Economy

Salt Lake County

Salt Lake County is the most populous county in the State of Utah. According to the April 2009, Precis Metro Economy.com report (the report), the largest employers in the Salt Lake City MSA include Intermountain Health Care Inc.; University of Utah; Huntsman Corporation, LLC; Tele-performance USA; Zions Bancorporation; and Convergys.

Davis County

Davis County is Utah's smallest county in land area. According to information gathered by D&B for the year 2008, there are 121,482 businesses located within WB's assessment area. Services establishments comprise 34 percent of the total businesses. Other business types include: finance, insurance and real estate at 11 percent; retail trade at 10 percent, and construction at 8 percent. Non-classifiable establishments represent 24 percent of the total establishments.

Community Development Lending

WB's CRA performance exceeded the lending goals established for satisfactory CRA performance in 2005, 2006, and 2007. However, CRA performance fell below the lending goals for satisfactory CRA performance in 2008. WB's performance decline in dollars for 2008 was due to deterioration in the lending portfolio, and in economic and market conditions, resulting in the suspension of commercial lending in the last half of 2008.

Table 6 provides details on actual lending performance.

SALT LAKE AND DAVIS COUNTIES				
Table 6 - CRA Performance Goals and Actual Performance - Lending				
	2005	2006	2007	2008
Strategic Plan	Plan A	Plan B		
LENDING GOALS - COMMUNITY DEVELOPMENT				
A Community Reinvestment Corporation				
Committed line	\$40,000	\$75,000	\$75,000	\$100,000
Actual Performance	\$24,393	\$24,393	\$24,077	\$24,077
Fund	\$100,000	\$100,000	\$150,000	\$150,000
Actual Performance	\$5,321	\$5,512	\$5,988	\$3,842
Small Business Loans (SBA 504 & 7a, SBA 504 Participations, and USDA B&I)	No goal for 2005	\$2,000,000	\$5,000,000	\$10,000,000
Actual Performance	\$1,156,000	\$1,647,000	\$5,038,000	\$2,746,000
Down Payment Assistance	\$15,000	\$3,000	\$4,000	\$5,000
Actual Performance	\$0	\$0	\$0	\$0
Lending Goals in Dollars	\$155,000	\$2,175,000	\$5,225,000	\$10,250,000
Lending Goals as a Percentage of Average Net Loans	1.001%	10%	10%	10%
Lending Goals as a Percentage of Average Assets	0.855%	1%	1%	1%
Actual Lending in Dollars	\$1,185,714	\$1,676,905	\$5,068,065	\$2,773,919
Actual Lending as a Percent age of Net Average Net Loans	28.346%	37.777%	29.256%	9.185%
	\$4,183,000	\$4,439,000	\$17,323,000	\$30,200,000
Actual Lending as a Percentage of Average Assets	12.860%	20.718%	23.560%	7.060%
Average Assets	\$9,220,000	\$8,094,000	\$21,511,000	\$39,291,000
CRA Performance Level - Lending	Satisfactory	Satisfactory	Satisfactory	Needs to Improve

Source: Bank records

Community Development Investments/Grants

WB's CRA performance exceeded the investment/grant goal established for satisfactory CRA performance in 2005 and 2006; however, CRA performance fell below the investment/grant goal for satisfactory CRA performance in 2007 and 2008. WB's performance decline in dollars for 2007 and 2008 was due to value declines in investments considered suitable by WB management and because of deteriorating economic and market conditions in mortgage-backed securities.

Table 7 provides details on actual performance of investments/grants.

SALT LAKE AND DAVIS COUNTIES				
Table 7 - CRA Performance Goals and Actual Performance - Investments/Grants				
	2005	2006	2007	2008
Strategic Plan	Plan A	Plan B		
INVESTMENT/GRANT GOALS - COMMUNITY DEVELOPMENT				
Utah Housing Authority Bonds	\$30,000	\$30,000	\$40,000	\$50,000
Actual Performance	\$40,000	\$40,000	\$0	\$0
CRA Grants	\$3,000	\$2,000	\$2,500	\$3,000
Actual Performance	\$3,300	\$2,300	\$2,575	\$2,500
<i>Investment Goals as a Percentage of Average Assets</i>	0.165%	0.10%	0.10%	0.10%
Actual Investments	\$43,300	\$42,300	\$2,575	\$2,500
Actual Investments as a Percentage of Average Assets	0.470%	0.523%	0.012%	0.006%
Average Assets	\$9,220,000	\$8,094,000	\$21,511,000	\$39,291,000
CRA Performance Level - Investments/Grants	Satisfactory	Satisfactory	Needs To Improve	Needs to Improve

Source: Bank records

Community Development Lending, Investments and Grants

WB's CRA performance exceeded the combined lending and investment/grant goals for satisfactory CRA performance in 2005, 2006, 2007, and 2008.

Table 8 provides details on the actual performance of lending and investments/grants.

SALT LAKE AND DAVIS COUNTIES				
Table 8 - CRA Performance Goals and Actual Performance - Combined Lending and Investments/Grants				
	2005	2006	2007	2008
Strategic Plan	Plan A	Plan B		
LENDING AND INVESTMENT/GRANT GOALS - COMMUNITY DEVELOPMENT				
<i>Total Lending and Investments/Grants Goals as a Percentage of Average Assets</i>	1.037%	1.00%	1.00%	1.00%
Actual Lending and Investments/Grants	\$1,229,014	\$1,719,205	\$5,070,640	\$2,776,419
Actual Lending and Investments/Grants as a Percentage of Average Assets	13.330%	21.240%	23.572%	7.066%
Average Assets	\$9,220,000	\$8,094,000	\$21,511,000	\$39,291,000
CRA Performance Level - Total Lending and Investments/Grants	Satisfactory	Satisfactory	Satisfactory	Satisfactory

Source: Bank records

CONCLUSIONS WITH RESPECT TO CRA PERFORMANCE IN UTAH COUNTY:

Limited Review of Utah County

A limited-scope review was performed for Utah County because the volume of lending in this area was less than other portions of WB's assessment area. WB's CRA performance within this assessment area is inconsistent with WB's overall CRA performance due to limited opportunities and deteriorating economic and market conditions. However, it does not change the overall rating for WB.

DESCRIPTION OF ASSESSMENT AREA

Demographic Information

A portion of WB's designated assessment areas includes Utah County, which is part of the Provo-Orem MSA.

Table 9 provides demographic detail for Utah County.

Table 9 - Demographic Information for Utah County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (census tracts)	85	8.24	14.12	45.88	28.24	3.53
Population by geography	368,536	9.06	14.93	47.32	28.54	0.15
Owner-occupied housing by Geography	66,800	1.44	11.29	53.20	34.07	0.00
Business by Geography	41,137	3.46	13.32	49.50	33.69	0.03
Farms by Geography	846	1.06	7.21	59.93	31.80	0.00
Family distribution by income level	81,675	17.70	19.40	24.45	38.45	0.00
Distribution of LMI families throughout the assessment area geographies	30,304	13.76	24.58	46.78	14.88	0.00
2000 MSA MFI*		\$50,010	Median housing value*			\$154,118
HUD adjusted MFI for 2009***		\$60,000				
households below poverty level*		11%	2000 Unemployment rate*			2.26%

Sources: *2000 U.S. Census, **June 2008 D&B, *** HUD updated MSA MFI for 2009. The N/A category consists of geographies that have not been assigned an income classification.

Economy

Utah County

Utah County is located in north central Utah, 44 miles south of Salt Lake City, at the foot of the Wasatch Mountain range. The county covers approximately 1,998 square miles, and is the state's

second largest populated county, behind Salt Lake County. The largest employers in the Provo-Orem MSA include Brigham Young University; Utah Valley Regional Medical Center; Utah Valley State College; Wal-Mart Stores, Inc; and Utah Office Supply.

According to information gathered by D&B for the year 2008, there are 41,137 businesses located within Utah County. Services establishments comprise 31 percent of the total businesses. Other business types include: finance, insurance and real estate at 11 percent; retail trade at 10 percent; and construction at 9 percent. Non-classifiable establishments represent 27 percent of the total establishments.

Conclusions With Respect to Performance

In 2008, WB participated in 2 qualifying SBA loans totaling approximately \$1.2 million. During the review period, WB also provided minimal CD funding.

APPENDIX A

SCOPE OF EXAMINATION

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED	January 1, 2005 through December 31, 2008	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
WebBank Salt Lake City, Utah		Community Development Loans, Investments, and Grants
ASSESSMENT AREA REVIEWED AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED
Salt Lake and Davis County (CSA) and Utah County (contiguous counties)	On-site	N/A

APPENDIX B - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Census Tract: Small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designated to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparison.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000) in New England. An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into "male householder" (a family with a male householder and no wife present) or a "female householder" (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Unit: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates, which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and the other having incomes below the median.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

OTHER TERMS

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Community development: (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, (4) activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the agencies, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.